



Early Journal Content on JSTOR, Free to Anyone in the World

This article is one of nearly 500,000 scholarly works digitized and made freely available to everyone in the world by JSTOR.

Known as the Early Journal Content, this set of works include research articles, news, letters, and other writings published in more than 200 of the oldest leading academic journals. The works date from the mid-seventeenth to the early twentieth centuries.

We encourage people to read and share the Early Journal Content openly and to tell others that this resource exists. People may post this content online or redistribute in any way for non-commercial purposes.

Read more about Early Journal Content at <http://about.jstor.org/participate-jstor/individuals/early-journal-content>.

JSTOR is a digital library of academic journals, books, and primary source objects. JSTOR helps people discover, use, and build upon a wide range of content through a powerful research and teaching platform, and preserves this content for future generations. JSTOR is part of ITHAKA, a not-for-profit organization that also includes Ithaka S+R and Portico. For more information about JSTOR, please contact support@jstor.org.

THE TOBACCO POOLS OF KENTUCKY AND TENNESSEE

Until the last few years the economist has rather dogmatically assumed that the modern movement toward combination characterizes only those forms of enterprise which necessitate the employment of large amounts of fixed capital—notably, public service corporations, such as railroads, and certain manufacturing industries which have reached an advanced stage of technological development. The farmer, both because of his situation and because of certain peculiarly distinctive features of agriculture, has usually been conceived of as a permanently isolated producer. Yet the farmer is not altogether unfamiliar with proposals to combine, nor has he always turned a deaf ear to the pooling schemes that have been evolved for his benefit. However, the difficulties connected with unified action are many and obvious, and in general they have proved insurmountable.

In the first place, agriculture is notably a non-capitalistic pursuit. Only a limited amount of capital can be invested upon a given land area, while there is need of a relatively large expenditure of manual labor, or at any rate, of personal supervision on the part of the cultivator. There is nowhere subordination of the producer to the system under which he works, as is so often the case under the capitalistic methods of modern machine industry. The farmer's occupation is, in short, admirably fitted to develop independence of action and impatience of all forms of restraint. Furthermore, his mode of life conduces to the fostering of a strong individualism. Living more or less segregated from his fellows, it is difficult for him to realize that his pecuniary success is to a very appreciable extent bound up with theirs. In fact, it is doubtful if a purely intellectual realization of a community of interests could ever be sufficiently potent to bring the farmers of the country to combine forces. It needs the addition of a certain spiritual element to bring about an effective organization, such as the sentiment of a common hatred.

In the early seventies the grain growers of the West found that common bond in the hostility felt toward the great transportation monopolies, which, they said, charged exorbitant prices for carrying their products to market, and forced them to make quite arbitrary payments for the storage of their grain. The result of their discontent took shape in the so-called "granger" movement—the first effective organized revolt by the farmers of this country. As a direct outgrowth of the "granger" agitation, many states, and later the federal government, passed restrictive legislation designed to curb the powers of our common carriers. The legislation thus initiated has been of marked significance for our later constitutional development, and has done much to enlarge our heretofore limited ideas of the scope of government.

Lately the farmers in the tobacco growing districts of Kentucky and Tennessee have been aroused—to speak literally, have been in arms—against another sort of monopoly, one of the most powerful of the industrial trusts, the American Tobacco Company. It is at least interesting and possibly significant that the only two rural organizations of any degree of effectiveness which have been formed in the United States should have been directed against institutions representative of the two types of monopolistic combination, the public service corporation and the industrial trust. And it may well be that the concerted action of the farmers of Kentucky and Tennessee will eventuate in legislation as drastic, as revolutionary in its time, as the "granger" laws of an earlier period.

It may be asked whether something more than a sentiment of common hatred is not needed to make effective a combination among the growers of such an important commercial crop as tobacco. Tobacco is cultivated in eighteen states of the Union and is the principal crop on more than three hundred thousand farms. How can many farmers, scattered over a wide territory, offer adequate opposition to the organized depredations of a thoroughly centralized buying trust? They have been able to do so, because certain limited areas have a practical monopoly of certain kinds of tobacco. For instance, almost the entire world's

supply of dark tobacco is produced in western and southern Kentucky, and in a few counties of Tennessee—the district known as the Black Patch. This tobacco, a heavy, fire-cured leaf, is largely exported and is used mainly in the manufacture of fine-cut, plug, and other chewing tobacco, and to a limited extent for cigarettes. Most of it is bought by agents of the French, Italian, Spanish, Austrian, and Japanese governments. All these countries have instituted tobacco monopolies for fiscal purposes, and their buyers are popularly known as the “regie.” The American Snuff Company, a branch of the trust, takes about 15 per cent. of the output of the dark tobacco district, and the Imperial Tobacco Company, the British ally of the American Tobacco Company, makes fairly large purchases of the leaf grown in the Green River and Henderson districts. Apparently there should be no buying monopoly to be combated where so many purchasers exist. But the farmers complain, whether justly or not, that the foreign agents are in collusion with the American Tobacco Company; that each buyer confines himself to a particular region, so as not to compete with his fellow-buyers; and that the prices at which the leaf will be purchased are agreed upon after conferences among the buyers.¹

The Burley tobacco is a bright-colored, air-cured leaf, grown in central and northern Kentucky, the famous Blue Grass region of the state. It is largely utilized for domestic manufacture, and the American Tobacco Company is practically the sole buyer of the leaf, taking from 80 to 90 per cent. of the yearly product.

¹ “Why, sir, these tobacco buyers, agents for this combination, composed of Mr. Duke’s concern and foreigners, don’t exactly ride on the same horse at the same time around through the country to buy this tobacco, but I am told that they do ride in the same vehicle and bid the same price, for the same tobacco at the same time, or don’t bid at all, or one of them only will bid. They divide up the tobacco section into districts and certain agents are assigned to certain districts limited by lines or county roads and those agents refuse to even cross the highway or the dividing line in case a farmer has one barn of tobacco on one side and another barn on the other side of the road. This occurred in Cheatham County. It is not disputed, but that is one of their lines of procedure.” —Testimony of John Wesley Gaines, representative from Tennessee (Senate Document No. 372, Vol. VI, p. 42; sub-committees of the Finance Committee, U. S. Senate, 59th Congress, 2d Session).

Burley tobacco can be raised in three or four other states of the Union, but the "Blue Grass" has thus far enjoyed a virtual monopoly of the output. During the past year, however, the area of cultivation has been considerably extended as a result of the incentive afforded by abnormally high prices. The period of artificial scarcity once past, Kentucky may find her supremacy as a grower of Burley seriously threatened.

Even so late as 1901 there was a considerable degree of competition among tobacco buyers both in the Black Patch and in the Burley districts. There were then in the field agents of the several British companies and independent buyers who shipped tobacco leaf abroad for sale in the English market. But a decided check to this competition came with the formation, in 1901, of the Imperial Tobacco Company—an organization including thirteen of the oldest and largest firms in Great Britain and Scotland. The Imperial, in order to carry on a successful business against its American rival, transferred all its buying activities to this country, making its purchases through designated agents.² Though competition among the buyers for the British trade was thereby practically destroyed, two powerful antagonists still remained to afford the farmer at least alternative opportunities of sale. But when the Imperial, after a spectacular career of aggression on the part of the American Tobacco Company, became merely the British branch of the American trust,³ the grower was forced to have recourse to the one great company or else, as in the Black Patch, to the "regie" buyers, who were considered allies of the trust. At the present day the tobacco trust controls 75 per cent. of the trade in chewing and smoking tobacco and cigarettes, and 25 per cent. of the trade in cigars. The farmers of Kentucky and Tennessee assert that the company by its rank as buyer can dictate the amounts that it will give for the leaf; and they further allege that it has used this

² Lincoln Springfield, "The Tobacco War in Great Britain," *North American Review*, Vol. CLXXIV, p. 828.

³ The British American Tobacco Company was formed to take over Ogden's L'td, and the British interests of the Imperial Tobacco Company. Of its stock, the American Tobacco Company holds two-thirds; the Imperial, one-third.

power to depress prices to so low a point that it has been made impossible for the tobacco-grower to obtain a living.⁴

It is true that the influence of a trust over prices can in no case be properly gauged if investigation be confined solely to the amounts charged for the finished products offered to customers. Potency in dictating the sums to be paid for the raw materials used in manufacture is frequently of far greater significance. It may be no part of the policy of the trust to antagonize the public at large and to diminish its sales by putting up the prices of its standardized products. It may conceivably be much more profitable to exercise its power as buyer rather than as seller to increase the margin between the prices of the crude material and of the manufactured article. Certainly the American Tobacco Company has not advanced the price of the plug tobacco, cigars, and cigarettes which it markets so extensively; and without doubt the price of leaf tobacco has fallen. But it is questionable whether the trust can be regarded as entirely responsible for that fall. Of late years the area devoted to tobacco growing has been extended, and improved methods of cultivation have increased the yield per acre. Kentucky, which produced approximately 222,000,000 pounds of tobacco in 1890, raised over 314,000,000 pounds in 1900. During the same decade the output of Tennessee rose from 36,300,000 pounds to 49,000,000 pounds. On the other hand, the per capita consumption of tobacco rose from 4.6 pounds (1886-90) to 5.5 pounds (1900-1905). Notwithstanding this increase in consumption, it is probably true that an excess of supply, quite as much as pressure exerted by the buying monopoly, was responsible for the marked drop in prices which occurred after 1900. From 1899 to 1904 Burley leaf at Cincinnati and Louisville averaged only 7½ cents as against a previous price of 10 cents. Prices for the dark leaf at Hopkinsville and Paducah fell from about 8½ cents in 1900 to 7 cents in 1905. In 1903 the dark leaf

⁴The American Tobacco Company in its present form was incorporated in New Jersey in 1904 as a holding company which took over the stocks of the Continental, the Consolidated, and the original American Tobacco companies, and acquired a majority of the stocks of several other important concerns.

sold as low as 4 cents per pound, the cost of production being estimated at 6 cents or thereabouts;⁵ so that not only were no profits to be had, but frequently heavy losses had to be met after a season of hard labor.

Had these low prices prevailed under a régime of competitive buying, the farmer might have groaned, but he would have continued to produce at a loss indefinitely, and he would never have considered himself the victim of injustice. He is willing to bow more or less unconsciously to the mandates of a competitive régime, however hard, but he balks at trust domination, though its rule be no severer. And the position heretofore taken by the economist gives a measure of scientific approbation to the unreasoned mental attitude of the farmer. Underlying most theories of price, there is an implication, tacit but none the less positive, that the price arrived at through competitive bargaining is the just price, and that no other price can be just. The theory unconsciously assumes the prevalence, the wisdom, and the justice of a competitive system of trade. And the assumption persists even today, when competition has ceased to be any more or any less normal than combination or monopoly. The average man, trained to embrace the economic commonplaces of an earlier period, still holds to his belief that only through competition can the producer secure fair dealing. Among the most advanced classes this belief is beginning to disintegrate under the repeated assaults of fact. But the farmer is admittedly a conservator of moribund intellectual prejudices, and he has no doubt that the competitive price is the just price. Hence, when a trust or, more specifically, the tobacco trust, absorbs all other buyers and buying agencies and constitutes itself sole purchaser of the farmer's product, he feels abused apart from any consideration of the actual injury done him. He finds that the conventionally proper economic postulate

⁵ Mr. Felix G. Ewing, General Manager of the Planters' Protective Association, testified before a Senate Committee (1905) that it cost him about 6 cents to raise one pound of tobacco, and he asserted that he had sold "lots" at 3 cents per pound (Senate Document No. 372, Vol. VI, p. 57, 59th Congress, 2d Session).

which demands that price be fixed by the bids and offers of several buyers and several sellers is no longer applicable. Here are many sellers and only one buyer. He sees no way of making effective his cherished competitive ideals. The only way to attain an equality of bargaining power, therefore, is to diminish the number of sellers, and, to the one powerful buying organization, to oppose a single salesman. So, curiously enough, the farmers' movement has not been undertaken with design to crush the American Tobacco Company. Instead, an attempt has been made to emulate trust methods and thereby to demonstrate that the farmers' pool can be made a redoubtable opponent of the tobacco monopoly.

But even with the need of organization demonstrated, and the impulse to combine aroused, there still remain difficulties in the way of united action. One of the most serious of these hindrances is found in the prevalent system of land tenure.⁶ Not more than half the tobacco growers of Kentucky and Tennessee are owners of their farms, many of them being share tenants, cultivating the soil of the proprietor, who supplies the necessary farm equipment, such as machinery and barns, and receives in payment a fixed proportion (usually one-half) of the crop raised. The landowner, in order to make these advances to the tenant, may obtain loans from the warehouseman, who, in his turn, borrows of the banks. Even if the farmer is sole owner of his land he is proverbially debt-burdened and under the necessity of selling his crops as speedily as may be. Consequently, pooling becomes impossible, unless the farmer receives ample financial backing to tide him over a period of waiting. Under the circumstances, it is not surprising that the initially successful movement looking toward association should have come from a man who is distinctly of the capitalist, rather than of the producing class—Mr. Felix G. Ewing, a wealthy gentleman, an erstwhile dilettante in agriculture, who was dis-

⁶ Cf. Martha McCulloch Williams, "The Tobacco War in Kentucky," *Review of Reviews*, Vol. XXXVII, p. 168, February, 1908; also Meyer Jacobstein, "The Tobacco Industry in the United States," *Columbia University Studies*, Vol. XXVI, No. 3.

tressed to see his thousands of acres of farming lands given over to unprofitable crops. To such a man organization seemed obviously to provide escape from a difficult situation, and he possessed the leisure, the influence, and the financial support necessary to bring it about. Under his auspices, the first association of farmers in the dark tobacco regions was launched. It was called the Planters' Protective Association of Virginia,⁷ Kentucky, and Tennessee, and it was organized at Guthrie, Kentucky, in 1904.⁸

The association was originally incorporated as a mutual pool with a capital of \$1,000, divided into shares of \$1 each. Provision was made for a managing board of directors, consisting of county chairmen, elected by the chairmen of the various civil districts, who were, in their turn, to be elected by the farmers. The officers of the association, chosen by the directors, include a president, a vice-president, a secretary, a treasurer, and a general manager, the last named having extensive supervisory powers.

In accordance with the rules of this association, the farmer delivers his tobacco to the association prizer, who presses it into hogsheads for delivery to authorized warehouses. There it is sampled, and the samples are sent to the nearest saleshouse and to headquarters at Guthrie. Grades and prices are then put on the tobacco, and it is sold at these fixed prices by the salesmen for the association to all who wish to buy. The farmer is not permitted to make any individual selling contracts, nor to dispose of his tobacco at a lower price than the one fixed upon by the accredited grader. Discussing the benefits of this sys-

⁷ Virginia was soon dropped from the association, because it was too far away. The Virginia growers now have an independent organization, though not so formidable a union as the Planters' Protective Association.

⁸ Mr. Ewing, when asked to give his reasons for organizing the Planters' Protective Association, replied that it was formed "because we have sold tobacco at a loss for the past four years, and because they are putting us out of business. While I have 31 tobacco barns on my plantation, 15 of them are empty today, and it is simply a question of getting a better price or quit planting tobacco." Cf. testimony of Felix G. Ewing, Senate Document No. 372, Vol. VI, p. 57, 59th Congress, 2d Session.

tem of co-operative selling, a warehouseman, who is an adherent of the movement, writes as follows:

Before the organization of the farmers, they would sell tobacco from the barn to the speculator without knowing what it would be used for or to whom it was best suited. Consequently a large percentage of them had no fixed idea except to grow a pound of tobacco, thinking all kinds should be worth the same money per pound. . . . Now the farmer has been educated to know that tobacco has different values, and to learn the methods of growing these different grades.

Not only has the Planters' Protective Association exerted an educative effect through teaching the farmer how to improve the quality of his tobacco, but it has also assisted him in his efforts to obtain a higher price for his crop as a whole, in some instances doubling the size of his returns. An evidence of the growing success of the organization is the fact that at its inception it controlled only 40,000,000 pounds of the crop of 1904, whereas it was enabled to obtain about 80,000,000 pounds of the crop of 1907.⁹ Nevertheless, the past year has testified to a waning enthusiasm on the part of the farmers, due in part, at least, to damaging allegations concerning the integrity of the officers of the association.¹⁰ It is needless to say that however prosperous the organization may have been up to the present time, lack of confidence is a disintegrating influence that will have to be combated and overcome by allaying all cause of suspicion; otherwise success will not continue to attend upon joint action.

⁹ The Planters' Protective Association does not control all the pooled tobacco of the "dark" districts. Some of it is held by branch organizations of the American Society of Equity—namely, by a stemming association (headquarters at Owensboro, Kentucky) embracing 5 counties and holding probably 13,000,000 pounds of tobacco, and by the Green River Association (headquarters likewise at Owensboro) which includes 5 counties and is said to have pooled about 25,000,000 pounds of "dark" tobacco. These facts were elicited only by a personal inquiry. Exact information cannot easily be got, and the figures given are no doubt somewhat conjectural.

¹⁰ The complaint is that in 1906 the association was turned into a close corporation (capital \$200), and that the stock ownership passed into the hands of three or four men who are enjoying immense and illegitimate profits, as a result of the position of control which they now occupy.

Taking example by the experience of the Black Patch, the growers of Burley tobacco organized at Winchester, Kentucky, in January, 1907, patterning the new organization after the Planters' Protective Association.¹¹ Each county was districted and in each district a local union was established with power to send a representative to the County Board of Control. The county boards, in turn, elected delegates to the State Board of Control with headquarters at Winchester. The members of the association planned their campaign carefully. They agreed to deliver their unsold crops of 1906 and the whole of their crops of 1907 to the several county boards, to be deposited in warehouses provided by the Burley Society and there to be held until buyers were ready to meet their terms. So great was the enthusiasm that the pool obtained about one-third of the crop of 1906 and over half the crop of 1907—about 100,000,000 pounds of tobacco in all.

The farmers, upon delivering their tobacco at the warehouses, received certificates which they could discount at the banks on the basis of a valuation of from 5 to 7 cents per pound of tobacco; so that with loans to satisfy their immediate necessities they were ready to wait until the trust was prepared to meet the prices demanded for the pooled crops. They waited until the fall of 1907. Then a conference was held between the agents of the trust and the officers of the Burley Society. The representatives of the trust manifested indifference, thinking

¹¹ Again the initiative came from a man of wealth, Mr. Clarence Lebus, of Cynthiana, who urged the farmers to pool their crops, fix their prices, stand firm, and wait until the tobacco trust capitulated. The manager of one of the plants of the American Tobacco Company has an explanation to offer of the unwonted activity of Mr. Lebus, which is probably quite correct although it fails to give Mr. Lebus credit for any altruistic motives he may harbor. It is as follows: "Clarence Lebus had been an enemy of the trust for a number of years and had on hand a part of three crops that he was unable to sell to the American Tobacco Company at his price. He, with other rich men who had large tobacco farms, had raised a great deal of tobacco and when it was time to market it, the American Tobacco Company, which buys 90 per cent. of the entire crop, refused to pay these rich men the price they asked; hence the forming of the Burley Society."

Prior to this time, attempts had been made to raise prices by entering into pooling agreements. Mr. Lebus had been head of a less comprehensive organization, the White Burley Growers' Association of the American Society of Equity.

they could get all the tobacco needed at lower prices than the Burley Society was willing to accept. They refused to buy, and the farmers were left with 100,000,000 pounds of unsold tobacco which must be carried through the winter. Sufficient pressure could not be brought to bear upon the trust, owing to the fact that the total output of tobacco had been very large. The situation would be quite hopeless when the 1908 crop began to come on the market. But there was one desperate remedy, and the farmers agreed to take it. The members of the Burley Society pledged themselves to raise no tobacco in 1908. The majority of them fulfilled that pledge and the result was that the society finally succeeded in selling 75 per cent. of its pooled crops to the American Tobacco Company at a "round" price of 17 cents per pound—nearly double the selling price of the leaf prior to the formation of the Burley Association.

Yet, notwithstanding these unprecedented prices, it looks as if the farmers of the Burley region were about to sustain the reputation of their class as lukewarm supporters of organized activity. In the first place, no attempt has been made to restrict the acreage of the crop of 1909. The farmers have returned to their old, happy-go-lucky methods of production, each man raising as much tobacco as he can, or even trying to make up for lost time, and all the while recklessly ignoring market needs, and assuming that the American Tobacco Company will be ready to take all the leaf offered at remunerative prices. Limitation of supply, one of the most effective means of coercing a buyer into the payment of higher prices, is therefore lacking.

Also prophetic of failure is the feeling of dissatisfaction and distrust which has grown up among the members of the Burley Association. It is a well-known fact that many of the small growers, for whose benefit the Burley pools have been ostensibly formed, were forced for pecuniary reasons to dispose of their certificates months ago at the comparatively low market prices then prevailing. These certificates were bought up by the wealthy men among them who could afford to wait until the American Tobacco Company consented to pay a higher price.

Such men obtained large speculative gains at the expense of their poorer neighbors, and it need not be matter for surprise, therefore, that some of the latter should now evince a very lukewarm interest in co-operative selling.

Furthermore, charges are current against the officers of the Burley Society similar in character to those which have been made against the heads of the Planters' Protective Association. It is claimed that salary payments have been excessive, that the officers have been allowed too great latitude in their conduct of affairs, and that the movement has, in short, lost much of its democratic character. More serious still is the hostility existing between the heads of the American Society of Equity and the Burley Society, which is nominally, at any rate, a branch of the former organization.

The question that now arises is whether the success which has hitherto attended the farmers' pools, both in the "dark" and in the "Burley" districts, has been achieved merely by a peaceful awaiting of a favorable outcome. On the contrary, the waiting has been diversified by vandalism, assault, and even murder. The farmer, trained by his association to see that his best interests lay in joint selling, was resolved that his neighbor should also recognize its benefits. Just as long as the latter did not do so, he made doubtful the success of the association, because, as a matter of course, any pooling agreement is strong only in proportion to the relative completeness of its control. The campaign of education, conducted under the auspices of authority, brought in some recalcitrants. But there were still "hill-billies" in plenty—an epithet analogous to that of the "scabs" of labor-union terminology. What to do with the "hill-billies" was a grave problem. If they could not be persuaded to embrace the cause of their fellow-growers they must be forced to do so. To the desire to coerce them for the good of the community was added a tinge of bitterness. While the farmer who had pooled his crop was waiting for the buyer to offer him better terms, the buyer was offering higher prices than ever before to the independent grower, in an endeavor to break up the association. The "hill-billy" was profiting at the expense

of his neighbors; but not for long. His neighbors proceeded to organize secret bands, first to threaten him, next to destroy his property, finally to whip, and if need were, to kill him. In other words, there set in the era of night-riding—an institution having historical precedents in the Ku-Klux Klans of the post-Civil War period, and finding immediate antecedents in the lynching bees of our modern civilization.

As a result of the coercive measures adopted by the night-riders, there has been an incidental property loss, in the Black Patch alone, estimated at \$1,000,000. But the loss in prestige suffered by the region will bring about a diminution of property values much greater than the tangible destruction would warrant. The situation in the Blue Grass district has, generally speaking, been less serious in character. Trouble began, however, almost immediately after the farmers had pledged themselves to raise no tobacco in 1908. The existence of such a pledge was the strongest possible incentive to outsiders to raise more tobacco than ever before. The assurance of a short crop and the certainty of favorable treatment from the American Tobacco Company made the prospects of the independent growers seem brighter than they had for many years. Was the association farmer to see his less public-spirited neighbor profit at his expense? Was he to forego planting tobacco in 1908 in order to realize on his pooled crops, and then find himself unable to secure a market for them, because his neighbor had furnished the needed supply? He was precisely in the position of the laborer on strike, who knows that to leave the "scab" unmolested spells ruin to his own interests. The outcome was inevitable, given the previous experience of other sections of the state, which had offered numerous examples of how to deal with similar situations. Hence night-riding began also in the Blue Grass region, the most fertile, the most populous, and, by repute, the most law-abiding section of Kentucky.

However deplorable has been the loss of life and the destruction of property, resulting in a public demoralization bor-

dering on anarchy, the fact remains that it was only by the aid of night-riding that the farmers held their ground against the trust and the "regie" buyers. No amount of determination would have enabled them to accomplish the desired result without violence. Barring intimidation, the Planters' Protective Association could never have secured adherents enough to make its control over prices effective; and despite exhortations, the Burley Society could not have prevented the raising of an immense crop of tobacco in the "Blue Grass" in 1908.¹²

There is no reason to anticipate that the larger output that will surely result from a cessation of violence and a relaxation of pooling agreements, will be offset by any great increase in demand under the new revenue law, which removes certain restrictions from the sale of tobacco in the natural leaf. In any case, there can be only a relatively insignificant demand for such tobacco from other than manufacturers. No doubt the existing demand can be more readily satisfied and even stimulated, under that provision of the law empowering retail dealers in the natural leaf to sell to consumers without payment of a tax of any sort. Even so, it is scarce likely that such retail dealers will afford the farmers an outlet for other than small scattered lots of tobacco. For obvious reasons, those who have any considerable amount of tobacco for sale will prefer to

¹² The tobacco associations disclaim all responsibility for the crimes and incendiary exploits of the night-riders. They even allege that the "trust" has hired men to commit depredations in order to bring their organizations into disrepute. But in view of the facts, the association disclaimers lose force. To give an example of the prevalent state of feeling: Ask certain reputable citizens of a flourishing town in the Black Patch, who are affiliated with the Planters' Protective Association, what they think of night-riding. If they are not so fortunate as to escape answering the question, the majority of them will denounce the institution in delightfully vague and unimpassioned terms. Usually they will conclude by becoming apologetic. The situation really isn't so bad, they aver, and the provocation given has undeniably been extreme. On the whole, it is probably fair to say that their attitude of mind is typical of the general state of feeling, and it is certain that in the rural districts there has not been, up to the present time, a public sentiment sufficiently strong to check even the worst excesses of night-riding.

market it in hogsheads, in as large lots as possible, and their chief customers will continue to be the manufacturers. The new revenue law is, in fact, regarded with indifference by a large number of persons conversant with the tobacco situation as it exists in Kentucky and Tennessee. Its passage is considered in many quarters to have been merely a shrewd political expedient for currying favor with the agricultural multitudes.

For all the aid that has been furnished by legislation, therefore, the need of combination—assuming that such need has heretofore existed—is as pressing as ever. It can be met only by the establishment of a highly centralized, despotic organization, if a disparate and undisciplined body of farmers is to be held permanently in line. Such a form of organization unquestionably gives the leaders tempting opportunities for speculative gain and hence it is by no means unlikely that the entire movement may eventually become discredited in the eyes of its original adherents.

Even though a fair number consent to pool their crops for another year, they will find their success more dependent than heretofore upon a resort to night-riding tactics, given the prospect of a larger output together with a less widespread enthusiasm. Whether the people of Kentucky and Tennessee will submit to a recrudescence of the régime of the night-riders is matter for doubt. There will certainly be a lesser degree of toleration accorded them than formerly, and if their operations should be entirely suppressed, as seems likely, the chances favor utter defeat of the farmers' pools.

Should the tobacco growers succeed, however, in maintaining their co-operative selling agencies, there seems to be no reason why they should not come to a permanent agreement with the American Tobacco Company and the other allied buying organizations. The amalgamated associations could then present a united front to the consuming public. It would be but a logical step forward in the general combination movement, since the great industrial trusts of the present day have been consciously directing their efforts toward the control of the raw materials used in the manufacture of their finished

products. First comes horizontal combination: that is, the union of establishments producing like commodities. Then follows integration of industry, thereby bringing under a single management entrepreneurs in allied businesses, and leading finally to affiliation with the producers of primary products. Why, then, should not the individualistic and reactionary farmer be eventually drawn into the trust form of organization?

ANNA YOUNGMAN

WELLESLEY COLLEGE